THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

July 25, 2007

Executive Summary

REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by Brady Hill.

Applicant: County of San Mateo

Contact Information:

Name: Scott Coe

Address: 264 Harbor Blvd., Bldg. A

Belmont, CA 94002

Phone: (650) 802-5045

Allocation Amount Requested: \$5,000,000 Converted MCC Authority: \$1,250,000

Applicant's Fair Share Amount: \$2,727,011 **Converted MCC Authority:** \$681,753

Participating Jurisdictions:

Cities of Atherton, Belmont, Burlingame, Brisbane, Colma, Daly City, East Palo Alto, Foster City, Half Moon Bay, Menlo Park, Millbrae, Pacifica, Portola Valley, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco, Woodside and the unincorporated areas of San Mateo County

Allocation Information:

Date MCCs will be advertised: May 25, 2007

Expected date of issuance of first MCC: August 25, 2007

Program Status: Existing program

Certificate tax credit rate: 15%

Type of housing units to be assisted/average mortgage amount:

New construction units: 7 units (47%) with an average mortgage amount of \$358,000 8 units (53%) with an average mortgage amount of \$350,000 8 units (0%) with an average mortgage amount of \$0 15 units with an average mortgage amount of \$353,733

Past Performance:

The Applicant indicates that 47 MCCs were issued in 2004, of which 32 (68%) were issued to households with income at or below 80% of the area median income. This satisfies the 2004 minimum performance requirement that at least **40%** of the program participants are lower-income households. The Applicant did not request 2005 or 2006 tax-exempt allocation for the MCC Program.

The application indicates the applicant expects to meet the 2007 minimum performance requirement that at least 40% of program participants will be lower-income households.

Recommendation:

Staff recommends that the Committee approve a reduced amount of \$2,727,011 in tax-exempt bond allocation, which is the Applicant's 2007 fair share amount.

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July 25, 2007 STAFF REPORT REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

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CONVERTED MCC AUTHORITY: \$1,250,000

<u>PARTICIPATING JURISDICTIONS</u>: Cities of Atherton, Belmont, Burlingame, Brisbane, Colma, Daly City, East Palo Alto, Foster City, Half Moon Bay, Menlo Park, Millbrae, Pacifica, Portola Valley, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco, Woodside and the unincorporated areas of San Mateo County

ALLOCATION INFORMATION:

Date MCCs will be advertised: May 25, 2007

Expected date of issuance of first MCC: August 25, 2007

Program status: Existing program

Certificate tax credit rate: 15%

Type of housing units to be assisted/average mortgage amount:

New construction units:7 units (47%) with an average mortgage amount of \$358,000Existing resale units:8 units (53%) with an average mortgage amount of \$350,000Rehabilitated units:0 units (0%) with an average mortgage amount of \$N/ATotal units:15 units with an average mortgage amount of \$353,733

The above numbers of units are: X estimates

_ actual requirements imposed by the Issuer

DESCRIPTION OF PROPOSED PROGRAM:

• Population to be served by the proposed Program (family size, income levels, etc.):

The proposed Program expects to serve a diverse ethnic composition and households of 1-4 persons. Because there is a shortage of land on which to build in San Mateo County, new housing projects and the resulting units normally set aside for lower income households are infrequent and in limited supply. However, the county is aware of a few forthcoming BMR (below market rate) units, which we anticipate will consume the majority of this allocation.

- Estimated number of first-time homebuyers to be assisted: 15
 However, based on the information contained in the application, the County's fair share amount will provide approximately 12 MCCs.
- Housing stock to be purchased (types, unit sizes, etc.):

 According to the Applicant, due to high housing prices, the housing stock to be purchased will consist mostly if not entirely of condominiums, with purchase prices in the \$300,000-\$500,000 range.
- Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.: The program will reserve 40% for families with incomes of at or below 80% of the area median income adjusted for family size.
- Expected duration MCCS will be available and anticipated monthly rate of issuance: According to the Applicant, MCCs are expected to be issued over a 12-month period at a rate of 1-2 MCC issued per month.
- Other homebuyers assistance programs offered by participating jurisdiction(s):
 Homebuyer down payment assistance programs are currently available from San Mateo County, as well as the cities of Foster City, Menlo Park, Millbrae, San Bruno, San Carlos and South San Francisco, and San Mateo County Community College. According to the Applicant, all down payment assistance programs can be used in conjunction with the MCC Program. In addition, San Mateo County, Foster City and Menlo Park are AHPP partners with the California Housing Finance Agency.
- Any other features unique to the proposed Program: None indicated.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

Unit Type	Average Area Purchase Price *	Non-Target Area Maximum <u>Purchase Price</u>	Target Area Maximum Purchase price
New Units	\$661,606	\$595,445	Not Applicable
Existing Units	\$736,038	\$662,434	Not Applicable
*This is established by (check one):		IRS safe harbor limitations _X_ As determined by special survey	

Expected average sales prices of the estimated units to be assisted:

New units \$370,000 Existing units \$387,217 Rehabilitated units \$0

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$95,000

Applicable standard that defines the area median income:

HUD statewide median	<u>X</u>	_ HUD county MSA median
Local median as determined by a special	study	
(See application attachment "I" attached)	

Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s): N/A

Proposed maximum income limits:

Household Size	Non-Target Area	Target Area
1-2 persons	\$95,000	Not Applicable
3+ persons	\$109,250	Not Applicable

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

Year	Amount of Allocation Awarded	Amount of Allocation Used	Number of MCCs Issued	Status of Outstanding MCC Authority
2004	\$7,545,701	\$7,190,277	39	\$88,856*
2005	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A

^{*} Expires December 31, 2006

Pursuant to CDLAC Procedures Section 18.I.E.1.,2., the Applicant has:

- 1. Demonstrated that no Mortgage Credit Certificate authority from the year two years prior to the current year has been unused (other than minor amounts not to exceed \$1 million); and
- 2. Certified that any Mortgage Credit Certificate authority remaining from the year prior to the current year will be used before the use of new Mortgage Credit Certificate Authority.

RECOMMENDATION:

Staff recommends that the Committee approve a reduced amount of \$2,727,011 in tax-exempt bond allocation to the County of San Mateo for the Mortgage Credit Certificate Program. This is the Applicant's 2007 fair share amount.

Prepared by Brady Hill.